CITY OF TITUSVILLE
GENERAL EMPLOYEES' PENSION PLAN

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2024

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2026

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

February 14, 2025

Board of Trustees
City of Titusville
General Employees' Pension Board

Re: City of Titusville General Employees' Pension Plan

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Titusville General Employees' Pension Plan. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Use of the results for other purposes may not be applicable and may produce significantly different results.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapter 112, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in the valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

The funding percentages and unfunded accrued liability as measured based on the actuarial value of assets will differ from similar measures based on the market value of assets. These measures, as provided, are appropriate for determining the adequacy of future contributions, but may not be appropriate for the purpose of settling a portion or all of its liabilities. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City of Titusville, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

Additionally, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models that apply the funding rules to generate the results. All internally developed models are reviewed as part of the valuation process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

In our opinion, the Minimum Required Contribution set forth in this report constitutes a reasonable actuarially determined contribution under Actuarial Standard of Practice No. 4.

The undersigned are familiar with the immediate and long-term aspects of pension valuations and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Titusville, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the General Employees' Pension Plan. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By: ______________________________
Douglas H. Lozen, EA, MAAA
Enrolled Actuary #23-7778

By: ______________________________
Luke M. Schoenhofen, FSA, EA, MAAA
Enrolled Actuary #23-8968

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Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Titusville General Employees' Pension Plan, performed as of October 1, 2024, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2026.

The contribution requirements, compared with those set forth in the October 1, 2023 actuarial valuation report, are as follows:

Valuation Date	10/1/2024	10/1/2023
Applicable to Fiscal Year Ending	9/30/2026	9/30/2025
Minimum Required Contribution	$3,267,215	$3,058,326
Member Contributions (Est.)	620,889	546,951
City Required Contribution [1]	$2,646,326	$2,511,375

[1] Please note that a shortfall contribution of $262,419.09 is due in addition to the above stated requirements for the fiscal year ending September 30, 2025.

As you can see, the Minimum Required Contribution shows an increase when compared to the results set forth in the October 1, 2023 actuarial valuation report. The increase is mainly attributable to an increase in Normal Cost resulting from salary increases for the ongoing active membership. The increase was offset in part by net favorable plan experience described in the following paragraph.

Plan experience was favorable overall on the basis of the plan's actuarial assumptions. The primary source of actuarial gain was an investment return of 9.74% (Actuarial Asset Basis) which exceeded the 7.25% assumption. This gain was offset in part by losses associated with an average salary increase of 7.59% which exceeded the 4.69% assumption and inactive mortality experience.

CHANGES SINCE PRIOR VALUATION

Plan Changes

There have been no changes in benefits since the prior valuation.

Actuarial Assumption/Method Changes

There have been no assumption or method changes since the prior valuation.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	10/1/2024	10/1/2023
A. Participant Data		
Actives	344	308
Service Retirees	336	333
DROP Retirees	17	16
Beneficiaries	37	34
Disability Retirees	1	1
Terminated Vested	259	248
Total	994	940
Projected Annual Payroll	18,949,043	16,692,529
Annual Rate of Payments to:		
Service Retirees	4,436,725	4,359,971
DROP Retirees	465,653	433,866
Beneficiaries	262,397	247,155
Disability Retirees	10,524	10,524
Terminated Vested	426,217	457,265
B. Assets		
Actuarial Value (AVA) [1]	71,692,516	67,615,061
Market Value (MVA) [1]	75,551,484	64,710,678
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	32,829,335	29,765,018
Disability Benefits	736,877	655,190
Death Benefits	152,451	138,290
Vested Benefits	470,174	380,117
Refund of Contributions	854,300	740,082
Service Retirees	43,779,461	43,289,888
DROP Retirees [1]	6,609,420	5,845,346
Beneficiaries	2,166,816	2,102,185
Disability Retirees	70,829	72,847
Terminated Vested	3,322,527	3,367,688
Total	90,992,190	86,356,651

C. Liabilities - (Continued)	10/1/2024	10/1/2023
Present Value of Future Salaries	122,569,920	106,631,172
Present Value of Future Member Contributions	3,677,098	3,198,935
Normal Cost (Retirement)	1,421,404	1,271,654
Normal Cost (Disability)	41,451	36,804
Normal Cost (Death)	8,066	7,275
Normal Cost (Vesting)	91,019	75,402
Normal Cost (Refunds)	60,067	48,897
Total Normal Cost	1,622,007	1,440,032
Present Value of Future Normal Costs	9,814,758	8,582,579
Accrued Liability (Retirement)	24,101,205	22,080,332
Accrued Liability (Disability)	471,925	424,252
Accrued Liability (Death)	102,683	93,651
Accrued Liability (Vesting)	93,562	80,755
Accrued Liability (Refunds)	459,004	417,128
Accrued Liability (Inactives) [1]	55,949,053	54,677,954
Total Actuarial Accrued Liability (EAN AL)	81,177,432	77,774,072
Unfunded Actuarial Accrued Liability (UAAL)	9,484,916	10,159,011
Funded Ratio (AVA / EAN AL)	88.3%	86.9%

D. Actuarial Present Value of Accrued Benefits

D. Actuarial Present Value of Accrued Benefits	10/1/2024	10/1/2023
Vested Accrued Benefits		
Inactives [1]	55,949,053	54,677,954
Actives	10,392,325	8,826,086
Member Contributions	2,526,952	2,202,678
Total	68,868,330	65,706,718
Non-vested Accrued Benefits	4,414,947	4,867,471
Total Present Value Accrued Benefits (PVAB)	73,283,277	70,574,189
Funded Ratio (MVA / PVAB)	103.1%	91.7%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
Plan Experience	2,660,469	
Benefits Paid	(4,890,721)	
Interest	4,939,340	
Other	0	
Total	2,709,088	

Valuation Date	10/1/2024	10/1/2023
Applicable to Fiscal Year Ending	9/30/2026	9/30/2025
E. Pension Cost		
Normal Cost [2]	$1,771,568	$1,572,814
Administrative Expenses [2]	150,668	138,438
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 15 years (as of 10/1/2024) [2]	1,344,979	1,347,074
Minimum Required Contribution	3,267,215	3,058,326
Expected Member Contributions [2]	620,889	546,951
Expected City Contribution	2,646,326	2,511,375
F. Past Contributions		
Plan Years Ending:	9/30/2024	
City Requirement	2,104,184	
Actual Contributions Made:		
City	2,104,184	
G. Net Actuarial (Gain)/Loss	(378,373)	

[1] The asset values and liabilities include accumulated DROP Plan Balances as of 9/30/2024 and 9/30/2023.

[2] Contributions developed as of 10/1/2024 displayed above have been adjusted to account for assumed salary increase and interest components.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

Year	Projected Unfunded Actuarial Accrued Liability
2024	9,484,916
2025	8,851,861
2026	8,172,910
2029	5,826,180
2033	2,842,799
2036	836,602
2039	0

I. (i) 5 Year Comparison of Actual and Assumed Salary Increases

		Actual	Assumed
Year Ended	9/30/2024	7.59%	4.69%
Year Ended	9/30/2023	12.83%	4.78%
Year Ended	9/30/2022	7.60%	4.61%
Year Ended	9/30/2021	5.82%	4.68%
Year Ended	9/30/2020	4.13%	4.50%

(ii) 5 Year Comparison of Investment Return on Market Value and Actuarial Value

		Market Value	Actuarial Value	Assumed
Year Ended	9/30/2024	20.82%	9.74%	7.25%
Year Ended	9/30/2023	12.29%	5.57%	7.25%
Year Ended	9/30/2022	-13.36%	3.23%	7.25%
Year Ended	9/30/2021	23.39%	9.41%	7.50%
Year Ended	9/30/2020	3.49%	7.28%	7.75%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2024	$18,949,043
	10/1/2014	8,995,988
(b) Total Increase		110.64%
(c) Number of Years		10.00
(d) Average Annual Rate		7.73%

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #23-7778

Please let us know when the report is approved by the Board and unless otherwise directed we will provide a copy of the report to the following office to comply with Chapter 112 Florida Statutes:

Mr. Keith Brinkman
Bureau of Local
Retirement Systems
Post Office Box 9000
Tallahassee, FL 32315-9000

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

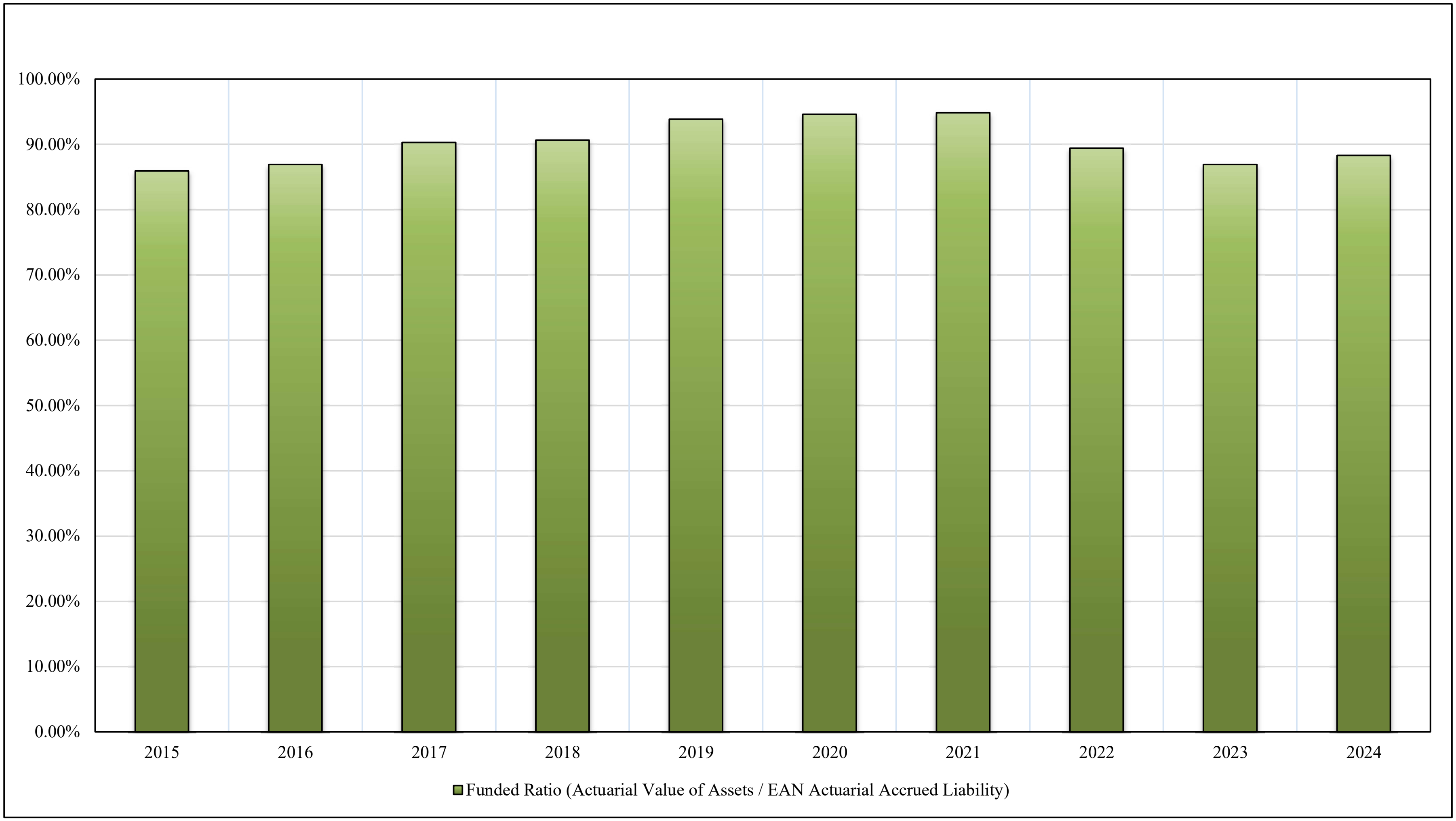
(1)	Unfunded Actuarial Accrued Liability as of October 1, 2023	$10,159,011
(2)	Sponsor Normal Cost developed as of October 1, 2023	939,256
(3)	Expected administrative expenses for the year ended September 30, 2024	126,751
(4)	Expected interest on (1), (2) and (3)	809,219
(5)	Sponsor contributions to the System during the year ended September 30, 2024	2,104,184
(6)	Expected interest on (5)	66,764
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2024 (1)+(2)+(3)+(4)-(5)-(6)	9,863,289
(8)	Change to UAAL due to Assumption Change	0
(9)	Change to UAAL due to Actuarial (Gain)/Loss	(378,373)
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2024	9,484,916

Type of Base	Date Established	Years Remaining	10/1/2024 Amount	Amortization Amount
Consolidation	10/1/2020	7	2,629,084	458,830
Actuarial Gain	10/1/2021	12	(1,031,479)	(122,705)
Assump Change	10/1/2021	12	1,625,373	193,355
Actuarial Loss	10/1/2022	13	2,766,379	313,012
Benefits Change	10/1/2022	13	1,836,973	207,851
Actuarial Loss	10/1/2023	14	2,036,959	220,438
Actuarial Gain	10/1/2024	15	(378,373)	(39,349)
			9,484,916	1,231,432

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1)	Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2023	$10,159,011
(2)	Expected UAAL as of October 1, 2024	9,863,289
(3)	Summary of Actuarial (Gain)/Loss, by component:	
	Investment Return (Actuarial Asset Basis)	(1,650,925)
	Salary Increases	558,059
	Active Decrements	261,677
	Inactive Mortality	462,055
	Other	(9,239)
	Increase in UAAL due to (Gain)/Loss	(378,373)
	Assumption Changes	0
(4)	Actual UAAL as of October 1, 2024	$9,484,916

HISTORY OF FUNDING PROGRESS



ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate	*Healthy Active Lives:* **Female:** PubG.H-2010 for Employees. **Male:** PubG.H-2010 (Below Median) for Employees, set back one year. *Healthy Retiree Lives:* **Female:** PubG.H-2010 for Healthy Retirees. **Male:** PubG.H-2010 (Below Median) for Healthy Retirees, set back one year. *Beneficiary Lives:* **Female:** PubG.H-2010 (Below Median) for Healthy Retirees. **Male:** PubG.H-2010 for Healthy Retirees, set back one year. *Disabled Lives:* PubG.H-2010 for Disabled Retirees, set forward three years. All rates for healthy lives are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements. The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2023 FRS valuation report for non-special-risk employees, with appropriate adjustments made based on plan demographics.
Interest Rate	7.25% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.
Salary Increases	See table later in this section. This is based on the experience study dated August 20, 2018.

	For Members eligible for Normal Retirement as of August 26, 2013: Projected salary at retirement is increased 25% to account for non-regular compensation. *For Members not eligible for Normal Retirement as of August 26, 2013 with at least 10 years of service as of that date:* The projected frozen benefit as of August 26, 2013 includes a 25% load for the final year included in the averaging period. *For Members with less than 10 years of service as of August 26, 2013:* No load is assumed.
<u>Payroll Growth</u>	None.
<u>Administrative Expenses</u>	$137,948 annually, based on the average of actual expenses incurred in the prior two fiscal years.
<u>Amortization Method</u>	New UAAL amortization bases are amortized over 15 years. The amortization payment is subject to a minimum based on a 30-year amortization of the UAAL, if the UAAL is positive, in order to comply with Actuarial Standard of Practice No. 4. Bases established prior to the valuation date are adjusted proportionally to match the Expected Unfunded Actuarial Accrued Liability as of the valuation date, in order to align prior year bases with the portion of the current year UAAL associated with prior year sources.
<u>Asset Valuation Method</u>	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.
<u>Funding Method</u>	Entry Age Normal Actuarial Cost Method. The following loads are applied for determining the minimum required contribution: Interest - A half year, based on current 7.25% assumption. Salary - A full year, based on current 5.40% assumption.
<u>Normal Retirement</u>	See table on the following page. This assumption is based on the experience study dated August 20, 2018.

Early Retirement	See table below. This assumption is based on the experience study dated August 20, 2018.
Disability Rate	See sample rates below (Table 1202 times 50%). This assumption is based on the experience study dated August 20, 2018.
Termination Rate	See table below. This assumption is based on the experience study dated August 20, 2018.
Low-Default-Risk Obligation Measure	Based on the Entry Age Normal Actuarial Cost Method and an interest rate of 4.06% per year compounded annually, net of investment related expenses. This rate is consistent with the Yield to Maturity of the S&P Municipal Bond 20-Year High Grade Rate Index as of September 30, 2024. All other assumptions for the Low-Default-Risk Obligation Measure are consistent with the assumptions shown in this section unless otherwise noted.

% Terminating During the Year	
Service	Rate
0-1	20.0%
2-4	12.0%
5-9	7.0%
10+	4.0%

% Becoming Disabled During the Year	
Age	Rate
20	0.03%
25	0.03%
30	0.03%
35	0.03%
40	0.06%
45	0.11%
50	0.21%
55	0.45%
60	0.81%

Salary Scale	
Service	Rate
0	9.00%
1-4	4.50%
5+	4.00%

% Retiring During the Year (at least 10 years of service as of August 26, 2013)[1]	
Age	Rate
48-57	10.0%
58	50.0%
59-61	20.0%
62-66	40.0%
67+	100%

% Retiring During the Year (less than 10 years of service as of August 26, 2013)[2]	
Age	Rate
52-61	10.0%
62-66	40.0%
67+	100.0%

[1] 100% is assumed at 28 or more years of service.

[2] 100% is assumed at 30 or more years of service.

GLOSSARY

Actuarial Value of Assets is the asset value used in the valuation to determine contribution requirements. It represents the plan's Market Value of Assets (see below), with adjustments according to the plan's Actuarial Asset Method. These adjustments produce a "smoothed" value that is likely to be less volatile from year to year than the Market Value of Assets.

Entry Age Normal Cost Method - Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

(a) The normal cost accrual rate equals:

(i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by

(ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.

(b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.

(c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

(d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

Market Value of Assets is the fair market value of plan assets as of the valuation date. This amount may be adjusted to produce an Actuarial Value of Assets for plan funding purposes.

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded. Under the Entry Age Normal cost method, it is determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

Payroll Under Assumed Ret. Age is the projected annual rate of pay for the fiscal year beginning on the valuation date of all covered Members, excluding any Members who are assumed to retire with 100% probability on the valuation date.

Projected Annual Payroll is the projected annual rate of pay for the fiscal year following the fiscal year beginning on the valuation date of all covered Members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current plan participants.

Total Annual Payroll is the projected annual rate of pay for the fiscal year beginning on the valuation date of all covered Members.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the Actuarial Value of Assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

SPECIAL ACTUARIAL ACCOUNT ACTIVITY
10/1/2023 to 10/1/2024

	Growth Assuming 7.25% Return	
(1)	10/1/2023 Beginning Balance	91,171,666
	Contributions	2,643,062
	Investment Earnings	6,523,657
	Non-Investment Expenses	132,722
	Investment Expenses	254,390
	Distributions	4,890,721
(2)	09/30/2024 Ending Balance	95,060,552
(3)	09/30/2024 Actuarial Assets	71,692,516
(4)	Excess Earnings: (3) - (2)	(23,368,036)
(5)	09/30/2024 Actuarial Gain (Loss)	378,373
*	Share Account Allocation: Lesser of: [(4) or (5)] x 50%	(11,684,018)
	Share Account Activity	
10/1/2023	Account Balance	(202,039,158)
	Interest at 7.25%	(14,647,839)
10/1/2024	Addition	(11,684,018)
10/1/2024	Benefits "Purchase"	0
10/1/2024	Account Balance	(228,371,015)
	10/1/2024 Adjusted Actuarial Assets	
(6)	Actuarial Assets (3), above	71,692,516
(7)	10/1/2024 Account Balance	(228,371,015)
	Adjusted Actuarial Assets Lesser of: (6) or [(6) - (7)]	71,692,516

* Per Ordinance No. 25-1999.

SPECIAL ACTUARIAL ACCOUNT

History of Benefit "Purchases" and
Actuarial Gains and Losses

Plan Year Ended	Benefit "Purchases"		Net Actuarial Gain (Loss)
9/30/1990	298,200	(1)	(291,699)
9/30/1991	769,309	(2)	350,282
9/30/1992	0		517,853
9/30/1993	0		948,397
9/30/1994	151,939	(3)	170,962
9/30/1995	676,000	(4)	372,601
9/30/1996	1,051,055	(5)	845,165
9/30/1997	0		1,623,510
9/30/1998	1,181,867	(6)	2,155,885
9/30/1999	1,093,450	(7)	1,997,227
9/30/2000	131,451	(8)	83,693
9/30/2001	0		(361,917)
9/30/2002	0		(1,374,030)
9/30/2003	0		(755,227)
9/30/2004	0		(2,509,682)
9/30/2005	0		(1,530,576)
9/30/2006	0		(92,489)
9/30/2007	0		1,050,783
9/30/2008	0		(1,725,825)
9/30/2009	0		(3,318,088)
9/30/2010	0		(2,438,237)
9/30/2011	0		(2,073,660)
9/30/2023	0		483,166
9/30/2013	0		813,750
9/30/2014	0		2,668,364
9/30/2015	(88,773)	(9)	1,605,480
9/30/2016	0		315,334
9/30/2017	0		924,468
9/30/2018	0		(40,985)
9/30/2019	0		462,347
9/30/2020	0		(126,888)
9/30/2021	0		1,056,589
9/30/2022	1,791,475	(10)	(2,697,862)
9/30/2023	0		(2,057,267)
9/30/2024	0		378,373
Total	7,055,973		(2,570,203)

(1)	AIS dated 01/25/93 (revised 09/14/93)
(2)	AIS dated 12/08/93
(3)	AIS dated 06/28/96
(4)	AIS dated 01/27/97
(5)	AIS dated 01/26/98
(6)	AIS dated 08/26/99
(7)	AIS dated 05/04/00
(8)	AIS dated 02/23/01
(9)	AIS dated 01/06/17
(10)	AIS dated 09/21/23

DISCUSSION OF RISK

ASOP No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions, states that the actuary should identify risks that, in the actuary's professional judgment, may reasonably be anticipated to significantly affect the plan's future financial condition.

Throughout this report, actuarial results are determined using various actuarial assumptions. These results are based on the premise that all future plan experience will align with the plan's actuarial assumptions; however, there is no guarantee that actual plan experience will align with the plan's assumptions. It is possible that actual plan experience will differ from anticipated experience in an unfavorable manner that will negatively impact the plan's funded position.

Below are examples of ways in which plan experience can deviate from assumptions and the potential impact of that deviation. Typically, this results in an actuarial gain or loss representing the current-year financial impact on the plan's unfunded liability of the experience differing from assumptions; this gain or loss is amortized over a period of time determined by the plan's amortization method. When assumptions are selected that adequately reflect plan experience, gains and losses typically offset one another in the long term, resulting in a relatively low impact on the plan's contribution requirements associated with plan experience. When assumptions are too optimistic, losses can accumulate over time and the plan's amortization payment could potentially grow to an unmanageable level.

- <u>Investment Return</u>: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.

- <u>Salary Increases</u>: When a plan participant experiences a salary increase that was greater than assumed, this produces a loss representing the cost of an increase in anticipated plan benefits for the participant as compared to the previous year. The total gain or loss associated with salary increases for the plan is the sum of salary gains and losses for all active participants.

- <u>Demographic Assumptions:</u> Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.

Impact of Plan Maturity on Risk

For newer pension plans, most of the participants and associated liabilities are related to active members who have not yet reached retirement age. As pension plans continue in operation and active members reach retirement ages, liabilities begin to shift from being primarily related to active members to being shared amongst active and retired members. Plan maturity is a measure of the extent to which this shift has occurred. It is important to understand that plan maturity can have an impact on risk tolerance and the overall risk characteristics of the plan. For example, closed plans with a large amount of retired liability do not have as long of a time horizon to recover from losses (such as losses on investments due to lower than expected investment returns) as plans where the majority of the liability is attributable to active members. For this reason, less tolerance for investment risk may be warranted for highly mature closed plans with a substantial inactive liability. Similarly, mature closed plans paying substantial retirement benefits resulting in a small positive or net negative cash flow can be more sensitive to near term investment volatility, particularly if the size of the fund is shrinking, which can result in less assets being available for investment in the market.

To assist with determining the maturity of the plan, we have provided some relevant metrics in the table following titled "Plan Maturity Measures and Other Risk Metrics". Highlights of this information are discussed below:

- The Support Ratio, determined as the ratio of active to inactive members, has increased from 60.0% on October 1, 2014 to 72.3% on October 1, 2024, indicating that the plan has experienced a significant growth in active population.

- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 68.9%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors may result in larger increases in contribution requirements than would be needed for a less mature plan. Please note Chapter 112, Florida Statutes, requires that the plan sponsor contributes the minimum required contribution; thus, there is minimal solvency risk to the plan.

- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has increased from 79.6% on October 1, 2014 to 88.3% on October 1, 2024.

- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, increased from -4.1% on October 1, 2014 to -3.2% on October 1, 2024. The current Net Cash Flow Ratio of -3.2% indicates that contributions are not currently covering the plan's benefit payments and administrative expenses.

Low Default-Risk Obligation Measure

ASOP No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, was revised as of December 2021 to include a “low-default-risk obligation measure” (LDROM). This liability measure is consistent with the determination of the actuarial accrued liability shown on page 9 in terms of member data, plan provisions, and assumptions/methods, under the Entry Age Normal Cost Method, except that the interest rate is tied to low-default-risk fixed income securities. The S&P Municipal Bond 20 Year High Grade Rate Index (daily rate closest to, but not later than, the measurement date) was selected to represent a current market rate of low risk but longer-term investments that could be included in a low-risk asset portfolio. The interest rate used in this valuation was 4.06%, resulting in an LDROM of $114,468,528. The LDROM should not be considered the “correct” liability measurement; it simply shows a possible outcome if the Board elected to hold a very low risk asset portfolio. The Board actually invests the pension plan’s contributions in a diversified portfolio of stocks and bonds and other investments with the objective of maximizing investment returns at a reasonable level of risk. Consequently, the difference between the plan’s Actuarial Accrued Liability disclosed earlier in this section and the LDROM can be thought of as representing the expected taxpayer savings from investing in the plan’s diversified portfolio compared to investing only in high quality bonds.

The actuarial valuation reports the funded status and develops contributions based on the expected return of the plan’s investment portfolio. If instead, the plan switched to investing exclusively in high quality bonds, the LDROM illustrates that reported funded status would be lower (which also implies that the Actuarially Determined Contributions would be higher), perhaps significantly. Unnecessarily high contribution requirements in the near term may not be affordable and could imperil plan sustainability and benefit security.

It is important to note that the actuary has identified the risks above as the most significant risks based on the characteristics of the plan and the nature of the project, however, it is not an exhaustive list of potential risks that could be considered. Additional advanced modeling, as well as the identification of additional risks, can be provided at the request of the audience addressed on page 2 of this report.

PLAN MATURITY MEASURES AND OTHER RISK METRICS

	10/1/2024	10/1/2023	10/1/2019	10/1/2014
Support Ratio				
Total Actives	344	308	293	241
Total Inactives [1]	476	469	444	402
Actives / Inactives [1]	72.3%	65.7%	66.0%	60.0%
Asset Volatility Ratio				
Market Value of Assets (MVA)	75,551,484	64,710,678	61,671,199	50,992,228
Total Annual Payroll	19,500,464	16,971,059	13,367,477	8,995,988
MVA / Total Annual Payroll	387.4%	381.3%	461.4%	566.8%
Accrued Liability (AL) Ratio				
Inactive Accrued Liability	55,949,053	54,677,954	47,765,654	44,349,672
Total Accrued Liability (EAN)	81,177,432	77,774,072	66,386,338	58,229,513
Inactive AL / Total AL	68.9%	70.3%	72.0%	76.2%
Funded Ratio				
Actuarial Value of Assets (AVA)	71,692,516	67,615,061	62,315,479	46,375,183
Total Accrued Liability (EAN)	81,177,432	77,774,072	66,386,338	58,229,513
AVA / Total Accrued Liability (EAN)	88.3%	86.9%	93.9%	79.6%
Net Cash Flow Ratio				
Net Cash Flow [2]	(2,380,381)	(2,984,067)	(1,640,730)	(2,099,740)
Market Value of Assets (MVA)	75,551,484	64,710,678	61,671,199	50,992,228
Ratio	-3.2%	-4.6%	-2.7%	-4.1%

[1] Excludes terminated participants awaiting a refund of member contributions.

[2] Determined as total contributions minus benefit payments and administrative expenses.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2024

ASSETS	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	4,741,570.00	4,741,570.00
Cash	2.65	2.65
Total Cash and Equivalents	4,741,572.65	4,741,572.65
Receivables:		
Additional City Contributions	262,419.09	262,419.09
From Police Officers' & Firefighters' Trust Fund	1,855.28	1,855.28
Investment Income	129,414.96	129,414.96
Total Receivable	393,689.33	393,689.33
Investments:		
Fixed Income	14,962,512.62	14,914,884.29
Equities	28,504,343.36	38,298,996.08
Pooled/Common/Commingled Funds:		
Equity	2,960,000.00	10,572,513.12
Real Estate	4,502,019.93	6,629,828.36
Total Investments	50,928,875.91	70,416,221.85
Total Assets	56,064,137.89	75,551,483.83
LIABILITIES		
Total Liabilities	0.00	0.00
NET POSITION RESTRICTED FOR PENSIONS	56,064,137.89	75,551,483.83

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2024
Market Value Basis

ADDITIONS			
Contributions:			
Member		538,878.08	
City		2,104,184.00	
Total Contributions			2,643,062.08
Investment Income:			
Net Realized Gain (Loss)	4,998,081.07		
Unrealized Gain (Loss)	6,789,259.01		
Net Increase in Fair Value of Investments		11,787,340.08	
Interest & Dividends		1,688,236.39	
Less Investment Expense[1]		(254,389.86)	
Net Investment Income			13,221,186.61
Total Additions			15,864,248.69
DEDUCTIONS			
Distributions to Members:			
Benefit Payments		4,651,915.53	
Lump Sum DROP Distributions		97,312.72	
Lump Sum PLOP Distributions		35,118.04	
Refunds of Member Contributions		106,374.57	
Total Distributions			4,890,720.86
Administrative Expense			132,721.83
Total Deductions			5,023,442.69
Net Increase in Net Position			10,840,806.00
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of the Year			64,710,677.83
End of the Year			75,551,483.83

[1]Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
SEPTEMBER 30, 2024

Actuarial Assets for funding purposes are developed by increasing the Actuarial Assets used in the most recent actuarial valuation of the Fund by the average annual market value rate of return (net of investment related expenses) for the past four years. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return[1]
09/30/2021	23.39%
09/30/2022	-13.36%
09/30/2023	12.29%
09/30/2024	20.82%

Annualized Rate of Return for prior four (4) years: 9.74%

(A) 10/01/2023 Actuarial Assets, including Prepaid Contributions:		$67,616,245.83
(I) Net Investment Income:		
1. Interest and Dividends	1,688,236.39	
2. Realized Gain (Loss)	4,998,081.07	
3. Unrealized Gain (Loss)	6,789,259.01	
4. Change in Actuarial Value	(6,763,351.64)	
5. Investment Related Expenses	(254,389.86)	
Total		6,457,834.97
(B) 10/01/2024 Actuarial Assets, excluding Shortfall Contribution:		$71,430,096.43

Actuarial Asset Rate of Return = 2I/(A+B-I), based on Unlimited Actuarial Assets: 9.74%

10/01/2024 Limited Actuarial Assets, including Shortfall Contribution	$71,692,515.52
10/01/2024 Market Value of Assets, including Shortfall Contribution	$75,551,483.83

Actuarial Asset Rate of Return, based on Limited Actuarial Assets: 9.74%

Actuarial Gain/(Loss) due to Investment Return (Limited Actuarial Asset Basis) $1,650,924.96

[1]Market Value Basis, net of investment related expenses.

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
SEPTEMBER 30, 2024
Actuarial Asset Basis

REVENUES		
Contributions:		
Member	538,878.08	
City	2,104,184.00	
Total Contributions		2,643,062.08
Earnings from Investments:		
Interest & Dividends	1,688,236.39	
Net Realized Gain (Loss)	4,998,081.07	
Unrealized Gain (Loss)	6,789,259.01	
Change in Actuarial Value	(6,763,351.64)	
Total Earnings and Investment Gains		6,712,224.83
EXPENDITURES		
Distributions to Members:		
Benefit Payments	4,651,915.53	
Lump Sum DROP Distributions	97,312.72	
Lump Sum PLOP Distributions	35,118.04	
Refunds of Member Contributions	106,374.57	
Total Distributions		4,890,720.86
Expenses:		
Investment related[1]	254,389.86	
Administrative	132,721.83	
Total Expenses		387,111.69
Change in Net Assets for the Year		4,077,454.36
Net Assets Beginning of the Year		67,615,061.16
Net Assets End of the Year[2]		71,692,515.52

[1]Investment related expenses include investment advisory, custodial and performance monitoring fees.
[2]Net Assets may be limited for actuarial consideration.

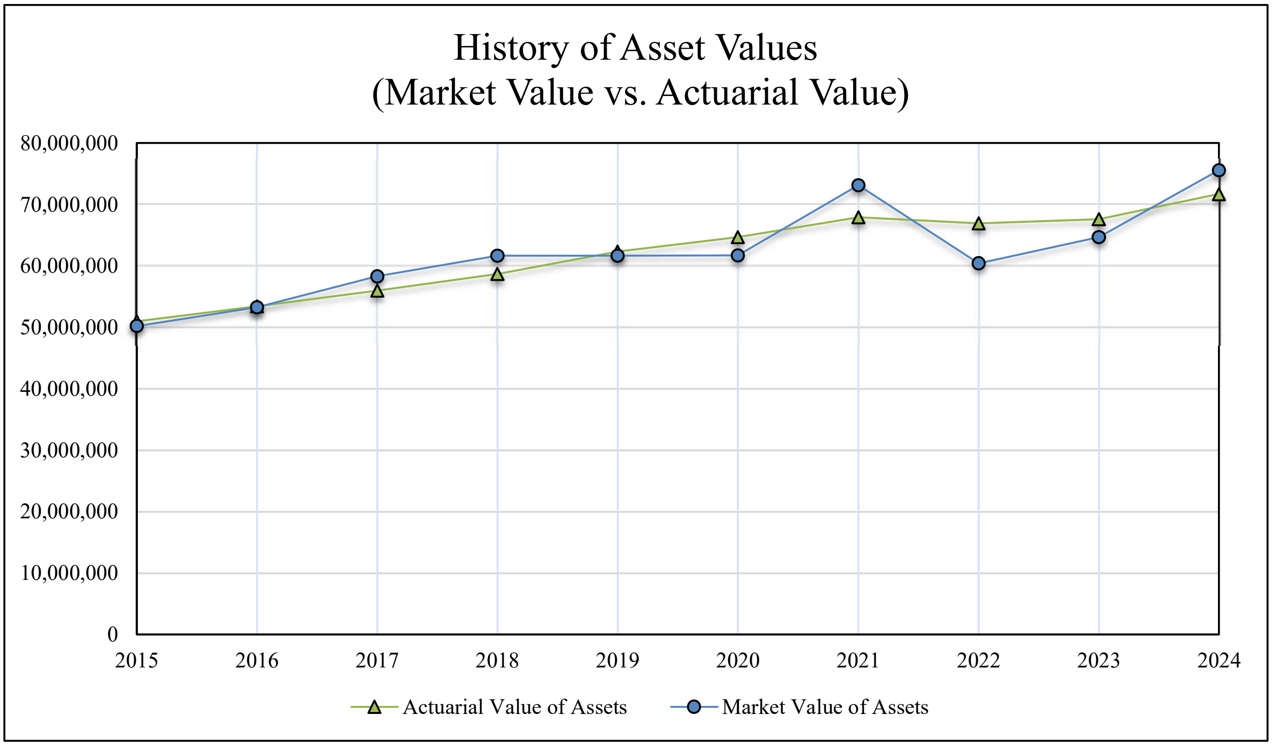
DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2023 to September 30, 2024

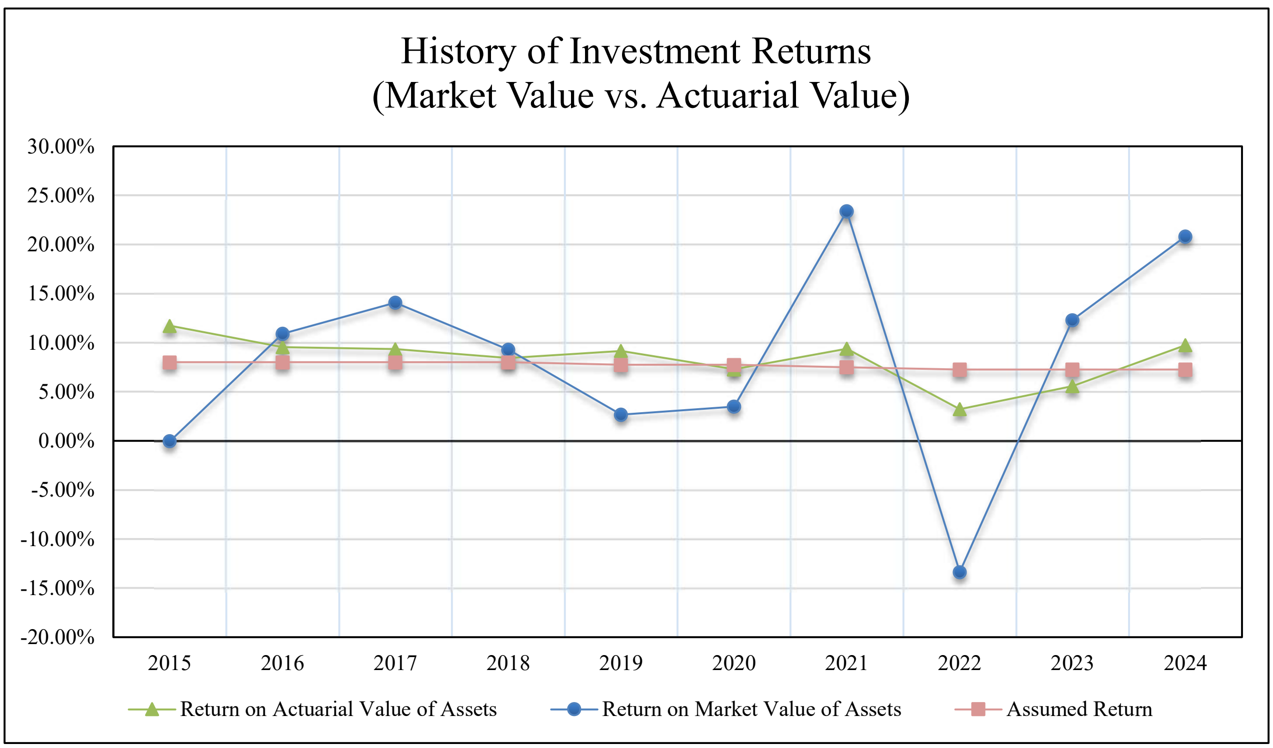
Beginning of the Year Balance	1,192,877.44
Plus Additions	454,639.88
Investment Return Earned	97,607.37
Less Distributions	(97,312.72)
End of the Year Balance	1,647,811.97

RECONCILIATION OF CITY SHORTFALL/(PREPAID) CONTRIBUTION
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2024

(1)	Required City Contributions	$2,104,184.00
(2)	Less 2023 Prepaid Contribution	0.00
(3)	Less Actual City Contributions	(1,841,764.91)
(4)	Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2024	$262,419.09

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS





STATISTICAL DATA

	10/1/2024	10/1/2023	10/1/2022	10/1/2021
Actives				
Number	344	308	310	302
Average Current Age	45.0	46.3	45.9	46.1
Average Age at Employment	38.1	38.9	38.4	38.5
Average Past Service	6.9	7.4	7.5	7.6
Average Annual Salary	$56,687	$55,101	$50,355	$47,584
Service Retirees				
Number	336	333	338	329
Average Current Age	70.5	70.0	69.6	69.2
Average Annual Benefit	$13,205	$13,093	$12,934	$13,145
DROP Retirees				
Number	17	16	14	13
Average Current Age	64.1	63.1	62.4	62.1
Average Annual Benefit	$27,391	$27,117	$25,611	$26,172
Beneficiaries				
Number	37	34	35	37
Average Current Age	68.0	66.8	67.1	66.6
Average Annual Benefit	$7,092	$7,269	$7,209	$7,118
Disability Retirees				
Number	1	1	1	1
Average Current Age	70.0	69.0	68.0	67.0
Average Annual Benefit	$10,524	$10,524	$10,524	$10,524
Terminated Vested				
Number	259	240	213	203
Average Current Age [1]	54.8	53.8	53.2	53.5
Average Annual Benefit [1]	$5,014	$5,939	$5,357	$5,228

[1] The Average Current Age and Average Annual Benefit exclude participants awaiting a refund of contributions.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	4											4
20 - 24	12	3	4		1							20
25 - 29	11	4	5	3	1	4						28
30 - 34	14	4	5	3		4						30
35 - 39	10	6	4	3	2	5	4	4				38
40 - 44	10	6	7	2	4	4	5	2	3			43
45 - 49	8	7	2		2	8	3	4	5			39
50 - 54	2	4	1	5	2	8	7	8	5	3		45
55 - 59	3	3	5	3	2	12	9	4		3		44
60 - 64	2	3	3	1	4	11	5	5	5	1	1	41
65+	1					5	3	3				12
Total	77	40	36	20	18	61	36	30	18	7	1	344

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2023	308
b. Terminations	
i. Vested (partial or full) with deferred annuity	(1)
ii. Vested in refund of member contributions only	(13)
iii. Refund of member contributions or full lump sum distribution	(24)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	(4)
f. DROP	(2)
g. Continuing participants	264
h. New entrants / Rehires	80
i. Total active life participants in valuation	344

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving Benefits	DROP Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested (Deferred Annuity)	Vested (Due Refund)	Total
a. Number prior valuation	333	16	34	1	75	173	632
Retired	8	(1)			(3)		4
DROP		2					2
Vested (Deferred Annuity)					1		1
Vested (Due Refund)						14	14
Hired/Terminated in Same Year						16	16
Death, With Survivor	(3)		3				0
Death, No Survivor	(3)						(3)
Disabled							0
Refund of Contributions						(19)	(19)
Rehires							0
Expired Annuities							0
Data Corrections	1				1	1	3
b. Number current valuation	336	17	37	1	74	185	650

SUMMARY OF CURRENT PLAN
(Through Ordinance 45-2023)

Original Effective Date	December 30, 1966.
Credited Service	Years and fractional parts of years of service with the City as a General Employee. City Manager, City Attorney or Assistant City Attorney may opt out within the first year of employment.
Salary	*Prior to August 26, 2013 (and for Members eligible for Retirement as of that date)*: Total compensation reportable on Form W-2, plus all tax deferred, tax sheltered, and tax exempt items of income. Expense reimbursements or payments of expense allowances are excluded. *For the calculation of the frozen accrued benefit as of August 26, 2013:* Salary shall include any payments of accrued leave that would have been included in Salary if the Member retired prior to August 26, 2013. However, the accrued leave balance shall be reduced by the amount of vacation or sick leave used subsequent to August 26, 2013 and the frozen accrued benefit shall be adjusted accordingly. *On and After August 26, 2013*: Base pay, excluding overtime and all other forms of compensation.
Average Final Compensation	*For computing benefits based on Credited Service on and after August 26, 2013:* Average of Salary during the five highest years of the last ten, but in no event less than the highest three-year average of the effective date. *For computing the frozen benefit or for Members eligible for Retirement or who terminate employment prior to August 26, 2013:* The Average Final Compensation is the average of the five highest years of the last ten years as of August 26, 2013. *For Members eligible for Normal Retirement as of August 26, 2013:* The average of the highest 5 years of Salary of the last 10 years.

Normal Retirement

For the frozen accrued benefit for all Members and for all benefits for Members with at least 10 Years of Service as of August 26, 2013:

Date	First of the month coinciding with or following the earlier of: 1) age 58 and the completion of 7.50 years of Credited Service, or 2) the completion of 28 years of Credited Service, regardless of age.
Benefit	2.482% of Average Final Compensation as of August 26, 2013 times Credited Service through August 26, 2013 (Members who are eligible for Normal Retirement as of August 26, 2013 continue to accrue benefits under the old benefit structure).
Form of Benefit	Life Annuity (options available).

For the benefits accrued on and after August 26, 2013:

Date	First of the month coinciding with or following the earlier of: 1) age 58 and the completion of 7.50 years of Credited Service, or 2) the completion of 28 years of Credited Service, regardless of age.
Benefit	2.25% of Average Final Compensation times Credited Service on and after August 26, 2013.
Form of Benefit	Life Annuity (options available).

For the benefits accrued on and after August 26, 2013 for Members with less than 10 Years of Service as of that date:

Date	First of the month coinciding with or following the earlier of: 1) age 62 and the completion of 10 years of Credited Service, or 2) the completion of 30 years of Credited Service, regardless of age.

Early Retirement

For the frozen accrued benefit for all Members and for all benefits for Members with at least 10 Years of Service as of August 26, 2013:

Date	Later of age 48 and the completion of 7.50 years of Credited Service.
Benefit	Same as for Normal Retirement but reduced 3.00% for each year that Early Retirement precedes Normal Retirement.

For benefits accrued on and after August 26, 2013 for Members with less than 10 Years of service as of that date:

Date	Later of age 52 and the completion of 10 years of Credited Service.
Benefit	Same as for Normal Retirement but actuarially reduced for Early Retirement.

Vesting

Schedule	0% for less than 10 years, 100% after 10 years. Members are 100% vested in their frozen accrued benefit as of August 26, 2013.
Benefit	Vested accrued benefit (determined as for Normal Retirement) paid beginning at the otherwise Normal Retirement Date.

Disability

Eligibility	Total and permanent (as determined by the Board) after completion of 10 years of Credited Service.
Benefit	Accrued Benefit (determined as for Normal Retirement).
Form of Benefit	Paid until earlier of death, recovery, Normal Retirement Date, or election by Member to receive Early Retirement benefit.
Maximum	Total of Plan, Workers Compensation, and Social Security benefits shall not exceed 100% of Average Final Compensation.

Death Benefits

Prior to Vesting	None.
Vested	Beneficiary receives a monthly benefit which is the actuarial equivalent of 50% of the Member's accrued benefit at the date of death.
Post-Retirement	According to option selected, if any.

Contributions

Members	3.00% of Salary.
City	Remaining amount necessary to pay the Normal Cost and fund the accrued, past service liability over 30 years.

Board of Trustees	Three full-time General Employees of the System elected by the membership, one General Employee appointed by the Board and confirmed by the City Manager, one citizen selected by the Board and appointed by the City Council as a ministerial duty.

Deferred Retirement Option Plan

Eligibility	The original DROP is closed to any new participants after August 26, 2013. A subsequent program "DROP II" is available to participants effective November 26, 2019.
Participation	Not more than 72 months.
Rate of Return	The Account is credited with the actual net rate of investment return (total return net of investment management fees, brokerage commissions and transaction costs) minus 2% after each fiscal year end. The annual return is subject to a minimum of 0% and a maximum equal to the current valuation investment return assumption as adopted by the Board.
Form of Distribution	Cash lump sum (options available) payable at termination of employment.